REDD+ SOCIAL AND ENVIRONMENTAL SOUNDNESS

A KEY ELEMENT IN USG REDD+ STRATEGY

Social and environmental soundness is essential for ensuring the success of any REDD+ initiative. The U.S. REDD+ Strategy particularly emphasizes the importance of these elements, noting the commitment of USAID to contribute more to SES - not only in its own planning and implementation, but also in terms of the international REDD+ architecture, and collaboration with other REDD+ donors.

The FY11 Global Climate Change (GCC) Supplemental Guidance specifies that social and environmental aspects of REDD+ will be "priority policy activities" for Sustainable Landscape programming. SES activities might be the focus of support, such as "supporting participation in REDD+ strategies and activities of all relevant stakeholders, including private sector and local and indigenous communities" or they may be interwoven in other REDD+ activities, such as undertaking "REDD+ assessments of current country activities and capacity needs."

Social and environmental soundness (SES) are foundational elements of sustainable development planning, which USAID defines as the feasibility and compatibility of the development intervention with the local cultural, socio-economic, and environmental conditions. A **social and environmental soundness (SES) approach** refers to policies, tools, and best practices for strategy, program, and project design and implementation, which aim to ensure that development interventions are socially and environmentally sound and sustainable.

SES. The second "S" in "SES" has come to refer to "Soundness," "Safeguards," and "Standards." USAID uses SES to mean Social and Environmental **Soundness**.

Key Elements of SES include:

1. Safeguards;
2. Standards;
3. Impact assessments;
4. Benefits and costs; and
5. Stakeholder engagement, rights and benefit-sharing.

According to USAID's **Automated Directives System (ADS) 202** "Social Soundness Analysis has three distinct but related aspects:

(1) the compatibility of the activity with the sociocultural environment in which it is to be introduced (**its sociocultural-feasibility**);
(2) the likelihood that the new practices or institutions introduced among the initial activity target population will be diffused among other groups (**i.e., the spread effect**); and
(3) the social impact or distribution of benefits and burdens among different groups, both within the initial activity population and beyond."

Similarly, environmental soundness embodies the idea that activities will not threaten existing ecological systems, services or natural resources, but will ensure their continued sustainability.

Given their centrality to development planning, social and environmental factors must be well integrated into the entire program or project cycle, from identification, through design, implementation and monitoring. They should be considered in terms of the substantive content of the program or project, but also in terms of undertaking a highly participatory approach to the whole process, i.e., through adequate consultation with and engagement of key stakeholders in all stages.

IMPORTANCE OF SES FOR REDD+

Three key principles form the pillars for addressing SES issues in REDD+ programming: **Do no harm**; **Do good**, and; **No regrets**.

At a minimum, REDD+ programs or projects must be designed and implemented in such a way that they do not cause any serious environmental or social repercussions, or "do no harm." For example, REDD+ programs could conceivably be designed in such a way that they negatively impact the rights of indigenous peoples to their lands, forests, and resources, or limit local communities' use of forest resources in certain area. Given the need for national REDD+ programs to be developed with a high

degree of centralized control, such programs also risk undermining local-level autonomy in forest resource management. REDD+ programs might also negatively impact biodiversity and other environmental values, such as water. For example, if a REDD+ program were to promote tree plantations using a monoculture of eucalyptus - a fast-growing, water-intensive exotic species - there might be negative impacts on local biodiversity and/or the water table. Thus, the first principle is to design REDD + programs so as to avoid, minimize, or mitigate any possible negative social or environmental impacts.

REDD+ programming offers the opportunity to do more, or to "do good," i.e., to increase environmental or social benefits.[1] For example, many REDD+ activities offer opportunities to support development of local or indigenous communities, and reduce poverty, through development of alternative livelihoods, addressing land tenure issues, and financing. Similarly, REDD+ activities can be designed in ways to enhance biodiversity conservation.

One of the main obstacles confronting REDD+ programming is the uncertainty of international negotiations on future REDD+ payments. Therefore, activities that contribute to sustainable development and are worthwhile, irrespective of international REDD+ agreements and outcomes, should be supported. This "no regrets" principle underscores the understanding that sustainable forest management is the building block, or prerequisite, upon which other types of added-value activities can be built, such as forest certification, compliance with international standards for forest products, or carbon financing.

KEY USAID SAFEGUARDS AND STANDARDS

While there are currently no specific safeguards and standards pertaining to REDD+, USAID programming is, in general, required to follow explicit policies and guidelines to ensure that environmental standards are met and social and gender issues adequately addressed. Specifically, there are both mandatory and suggested analyses relevant for SES considerations.

Mandatory analyses pertain to compliance with USAID environmental procedures (known as 22 CFR 216, or commonly "Reg 216"), compliance with Sections 118 and 119 of the Foreign Assistance Act, compliance with the Tropical Forest Conservation Act, and compliance with ADS 201 regarding environmental and gender issues for programming USAID assistance. Reg. 216 serves as an environmental safeguard for USAID projects by requiring that environmental considerations be taken into account during activity planning. Mitigation and monitoring plans must be part of implementation, and both USAID and implementing partners have legal responsibility for compliance. In the case of REDD+ initiatives, the environmental impacts of reforestation activities or national forestry policies would need to considered and mitigative actions proposed.

Similarly, USAID requires that a gender analysis be conducted and that gender be considered in project planning and implementation. This is an example of a social safeguard, as a gender analysis might predict that a REDD+ activity could negatively impact women. With this knowledge, mitigation of this anticipated impact could be structured into project design.

Other types of analysis, such as political and institutional analyses, social soundness analysis, and others, are recommended but not mandatory. It should be noted that work is ongoing now to review and update guidance on social soundness analysis. For additional details on mandatory and non-mandatory guidance, refer to ADS 201 on Planning.

SOCIAL AND ENVIRONMENTAL IMPACT ASSESSMENT

As noted above, the key to ensuring that programming meets policy objectives is to assess and monitor likely impacts of development interventions. SES, in particular, is focused on assessing both positive and negative social and environmental impacts.

Potential impacts need to be considered throughout the program and project life cycle. During design phase, an *ex ante* assessment considers the likely impacts of a development intervention, and can be used

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[1] Within REDD+ terminology, these social and environmental benefits are often referred to as "co-benefits."

to decide whether or not to proceed with the program or project. If serious risks are identified, the initiative must be redesigned to mitigate risks. If it is not possible to minimize risks, then it is important to consider whether to proceed with or abandon the program or project, i.e., the "go" or "no go" decision. In addition to *ex ante*, ongoing impact assessments are commonly done throughout implementation, to improve management, and to ensure that objectives will be met.

Often an impact assessment will be done after a project or program is completed, to assess whether objectives were achieved, and to extract lessons learned to inform future programming. Such *ex post* assessments may be conducted several years after an intervention is completed, to assess the degree to which impacts have been sustained over time.

As many REDD+ programs are in design phase, the urgency now is to put into place enhanced methods for undertaking *ex ante* impact assessments. Furthermore, it is vital to establish adequate baseline data so that future impact assessments can measure change against these.

BENEFITS AND COSTS

Although the potential benefits of REDD+ are great, there are serious concerns regarding how programs and projects will impact people and communities. Different stakeholder groups may experience different benefits and costs, i.e., some may benefit from REDD+ activities whereas others have to bear increased costs.

Potential Social Benefits	Potential Social Costs
Potential financial and economic benefits (carbon financing) for individuals and/or communities, as well as sub-national and national governments	Restrictions on forest use may incur costs for some stakeholders
Equitable distribution of benefits (including by gender and various social groups)	Potential loss of local control over forest resources, i.e., indigenous groups concerned that REDD+ may open the door to logging concessions
Respect for local cultural knowledge and traditions, especially for indigenous groups	Possible relocation and/or resettlement of households or communities
Land and tree tenure, carbon rights	Could risk increasing income disparities.
Potential Environmental Benefits	**Potential Environmental Costs**
REDD+ providing incremental environmental benefits (on top of sustainable forest management and control of illegal logging)	Risk of conversion of natural forest to plantations, and subsequent loss in biodiversity
Environmental services, such as climate change mitigation, water, biodiversity, enhancement of local agricultural systems, and genetic conservation	Loss of biodiversity due to conversion of non-forest ecosystems, such as grasslands, to forests or forest plantations
Carbon payments on top of existing Payment for Environmental Services (PES) schemes	Shifting of impacts on forest ecosystem services from sites managed for REDD+ purposes to other areas

KEY STAKEHOLDER ISSUES AND ENGAGEMENT

First and foremost, collaborating with relevant stakeholders makes for more successful and sustainable development interventions. Moreover, working with relevant stakeholders throughout the design, implementation and monitoring of REDD+ programs and projects is required according to a number of international treaties and conventions. Specifically, the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) specifies that indigenous peoples have a right to free, prior and informed consent (FPIC) on decisions that will affect their lives. Although it is widely accepted that indigenous peoples and local communities would bear many of the costs of REDD+ projects and programs, the implementation of FPIC in this instance (i.e. the right to refuse to let their customary lands be part of a

REDD+ scheme) has been a subject of great discussion and interpretation. The U.S. Government, some other governments, and development partners support UNDRIP, but interpret FPIC to be a matter of free, prior, and informed *consultation* (not consent).

REDD+ programming should also consider gender issues and the rights of women. Some argue that the Convention to Eliminate Discrimination Against Women (CEDAW) would require that REDD+ arrangements ensure equitable participation and representation of women, their equitable access to carbon rights and sharing in the distribution of benefits, including carbon finance payments for performance.

The development of REDD+ projects and programs is simultaneously occurring at multiple levels and poses enormous challenges for stakeholder engagement, which may differ considerably from a specific community to an entire region, or even nationwide. To achieve effective stakeholder participation may require a lengthy process, but it is crucial to the success and sustainability of REDD+ programming.

KEY SES PRIORITIES

Key SES priorities for REDD+ programming include, first, capacity building for effective engagement of stakeholders and their ability to contribute to good governance in resource management. Second, it is vital that rights to land, trees, and carbon be clarified, to ensure that those using and managing the resources have well-established legal rights to do so, and that these cannot be usurped by others. Third, considerable work is needed to examine and design cost- and benefit-sharing systems, building upon the rights of key stakeholders. In particular, this benefit-sharing needs to focus on sharing any carbon finance payments that may accrue. Fourth, rural people living in and near the forests will need additional support for alternative livelihood development. As REDD+ agreements are put into place, which may restrict how local people (and others) can use forest ecosystems, then new livelihood options must be made available. Finally, it is crucial that REDD+ programming consider how to promote ecosystem services and biodiversity conservation.

For more information on SES and USAID programs on REDD+, please contact the Forest Carbon, Markets and Communities (FCMC) Program, a global program managed by Bureau for Economic Growth, Education and the Environment (E3) Forest and Biodiversity (FAB) Office.

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